

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK
RATIONALIZATION SERVICE CHANGES, 2011

Docket No. N2012-1

REVISED RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU/USPS-T9-12 – ERRATA
(March 16, 2012)

The United States Postal Service hereby provides the revised response of witness Marc Smith to APWU/USPS-T9-12. The original response mischaracterized the age of the Postal Service's Delivery Bar Code Sorters. The revised response corrects this error and is consistent with the more detailed response provided by witness Smith to GCA/USPS-T9-4. The revised response follows.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing & Product Support

Nabeel R. Cheema

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-7178; Fax -5402
March 16, 2012

REVISED RESPONSE OF THE UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

APWU/USPS-T9-12

In your response to APWU/USPS-T9-5 you state that your testimony was based on the fact that at some point our current equipment would need replacement.

- a) What is the actual useful life for each type of equipment used in mail processing?
- b) Over how many years is each type of equipment depreciated?
- c) What is the average age of each of the types of equipment used in mail processing?
- d) Did you determine the impact on the useful life of the equipment that will be used of the increased mail volume that will be processed using the equipment?
- e) If the answer to d is yes, please provide those calculations.
- f) If the answer to d is no, please explain why not.
- g) Did you determine the impact on the cost of maintaining the equipment that will be due to the increased mail volume that will be processed using the equipment?
- h) If the answer to g is yes, please provide those calculations.
- i) If the answer to g is no, please explain why not.

RESPONSE:

- a. It is not easy to generalize, some equipment can stay in use long after the original investment is fully depreciated.
- b. The original investment on processing equipment is generally depreciated over 10 years. The actual depreciation associated with a piece of equipment may be extended beyond that if significant new investment is made to upgrade or replace components.
- c. I provide information on the age for six major types of equipment below. Please note that the average age of mail processing equipment can be hard to define since often equipment is upgraded or significant components are added. The

REVISED RESPONSE OF THE UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

Postal Service has approximately 5,900 Delivery Barcode Sorters (DBCSs) as I indicate in my testimony, on page 13. About 2,500 of these are 15 years old or older. About another 2,700 DBCSs are 10 to 15 years old. Since FY2003, about 736 DBCS have been acquired. For the DBCSs purchased before 2003, all have been upgraded with the Wide Field Of View cameras in 2003. This is discussed in more detail in my response to GCA/USPS-T9-4. Postal Automation Redirection System (PARS) was obtained about 5-7 years ago. Small Parcel and Bundle Sorters were obtained in the late 1990s. Many of those have been or will be upgraded to be Automated Parcel and Bundle Sorters (APBS). The Automated Package Processing System (APPS) was deployed in FY2005 and FY2006. The Automated Flat Sorting Machine 100 (AFSM 100) was deployed between FY2000 and FY2002. Additional modules have been added to further automate tray handling and the feeding of flats about 5 years ago. Finally, the Flat Sequencing System (FSS), most of which was deployed in FY2011, is approaching one year old.

- d. No.
- e. N/A.
- f. I have no information as to what the impact of higher mail volumes is on useful life. Also see my response to NPMHU/USPS-T10-5.
- g. See my response to NPMHU/USPS-T10-5.
- h. See my response to NPMHU/USPS-T10-5.
- i. See my response to NPMHU/USPS-T10-5.